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**Multi-year
Capital Plan &
Asset
Investment
Framework**

Budget Committee July 16, 2019

Overview of Today's Session

- Multi-year Capital Plan - 2020/21 Planning Process
- Asset Management Overview
- Enterprise Asset Management (EAM) To-Date
- Creating an Asset Investment Framework

2020/21 Capital Planning Process

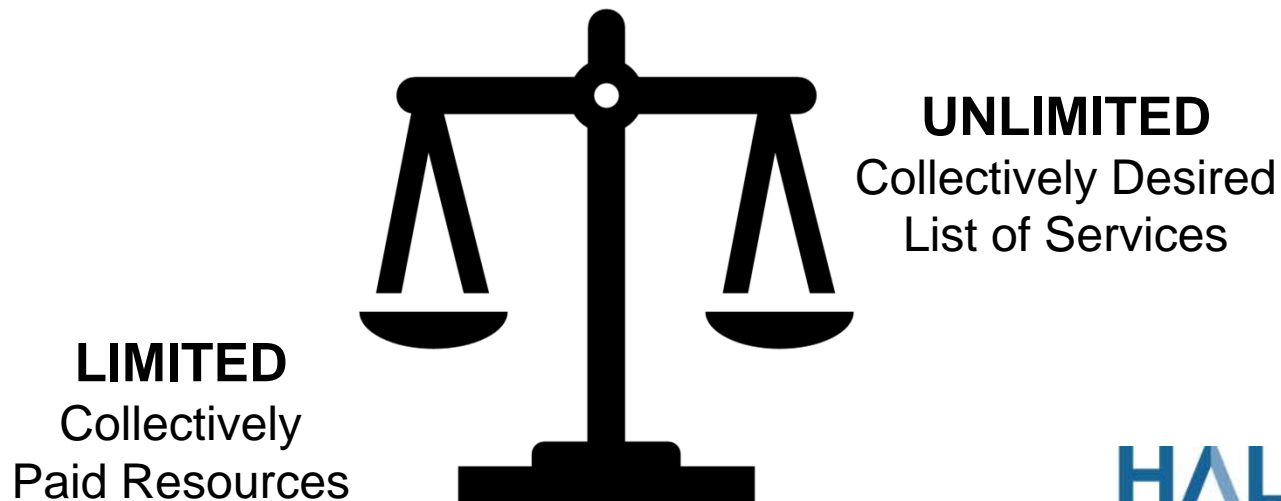
1. Asset Investment Framework
 - *Set guidance for Asset Renewal vs. Growth*
2. Prioritizing Capital Outcomes
 - *Assign weightings to Council Priority Areas*
3. Long-term Capital Strategy
 - *Set guidance for how asset objectives will be met*
4. Capital Funding Framework
 - *Set guidance for funding sources' use*

High-Level Infrastructure Dependencies

Local government exists as a service provider.

Services which are **collectively agreed upon** and **collectively paid for**, for the greater good of the community.

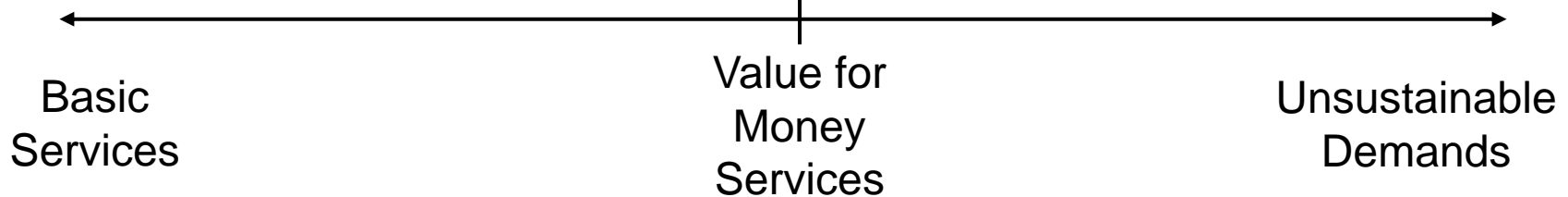
Infrastructure exists to provide services to the community.



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How is Balance Achieved?

- Trade-Offs will always be necessary.
- Informed decision-making is critical.



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Asset Management Objective

*The practice of managing assets to **minimize the total cost** of owning and operating them while delivering the **desired service levels**.*

- We are not sized to do everything we want to do.
(staff and \$\$)
- Desire exists for operations to be predictable, reliable, and sustainable.
- All proposed projects have merit, creating the difficult challenge to prioritize within our capacity for optimal long-term outcomes.

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Long-Term Plan Considerations

- Are we spending too much, or too little, on HRM's infrastructure?
- Are we investing the right amount in new infrastructure versus maintaining old infrastructure?
- Are we choosing projects to address today's issue only, or prioritizing for the best solution long-term?
- Do we understand what citizens are willing to pay, or not willing to pay for?
- Do we have the right information required to make these decisions?
- What is the impact of this year's decisions on the next generation?

Collective Decision-Making

Keys to more informed infrastructure decisions:

- Thorough understanding and agreement of the levels of services to deliver to the community (**Performance**);
- Consideration of the long-term impacts on present-day decisions (**Cost**);
- Develop agreed upon criteria to consistently make Trade-off decisions with confidence (**Risk**).

Clear Objectives = Focused Plans

Maintenance Management (Traditional):

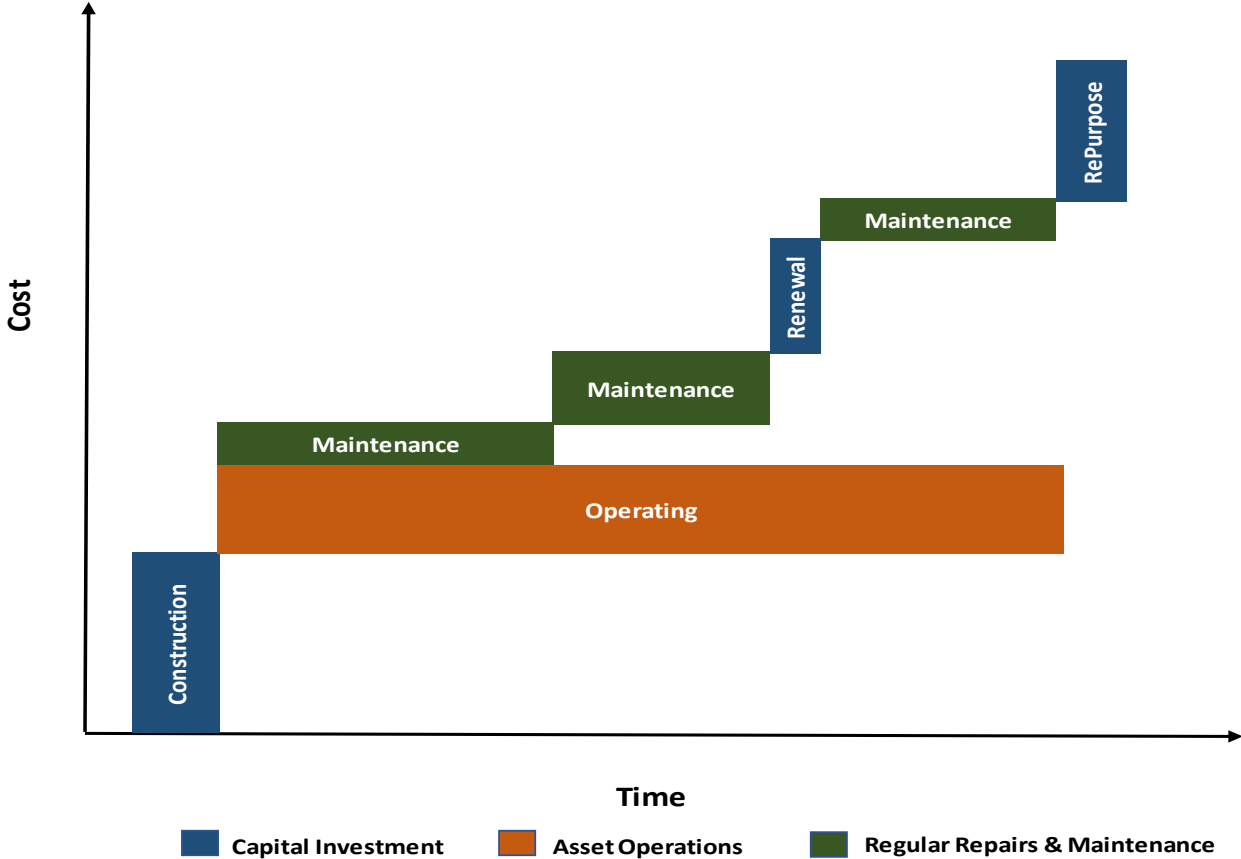
- Find faults or receive complaints (reactionary)
- Check how much budget is remaining
- Create work plan to fix the asset if funds are available; defer if funds are not available
- ❖ Service Delivery is unreliable

Organizational Management (Goal):

- Organizational Objectives set
- Levels of Service are debated and agreed upon
- Asset Lifecycle Maintenance Strategies are defined for each asset group (proactive and preventative)
- Budgets are aligned with lifecycle maintenance plans
- ❖ Service Delivery is predictive and sustainable for the least possible cost

Full Impact Consideration

Full Lifecycle Ownership Costs



Enterprise Asset Management To-Date



- Asset Registry systems and processes implemented
- Work Maintenance Management systems and processes implemented
- Road Network Analytics system updated
- Asset Management business model developed, implementation on-going
- Asset Management Office established
- Continuous Improvement model implemented and staff networks created
- Capital Prioritization Framework implemented
- ❖ Asset Management Policy & Governance in-progress

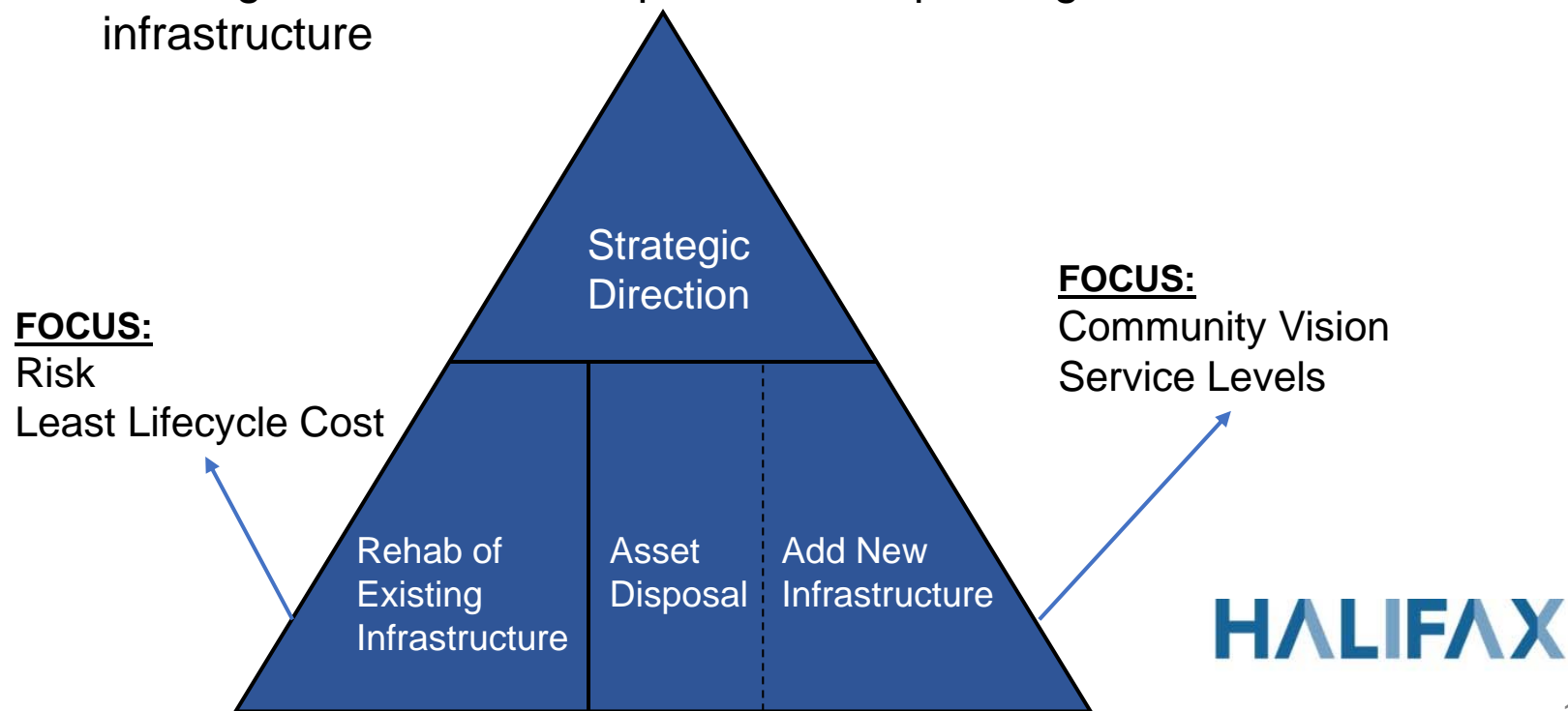
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Asset Investment Framework

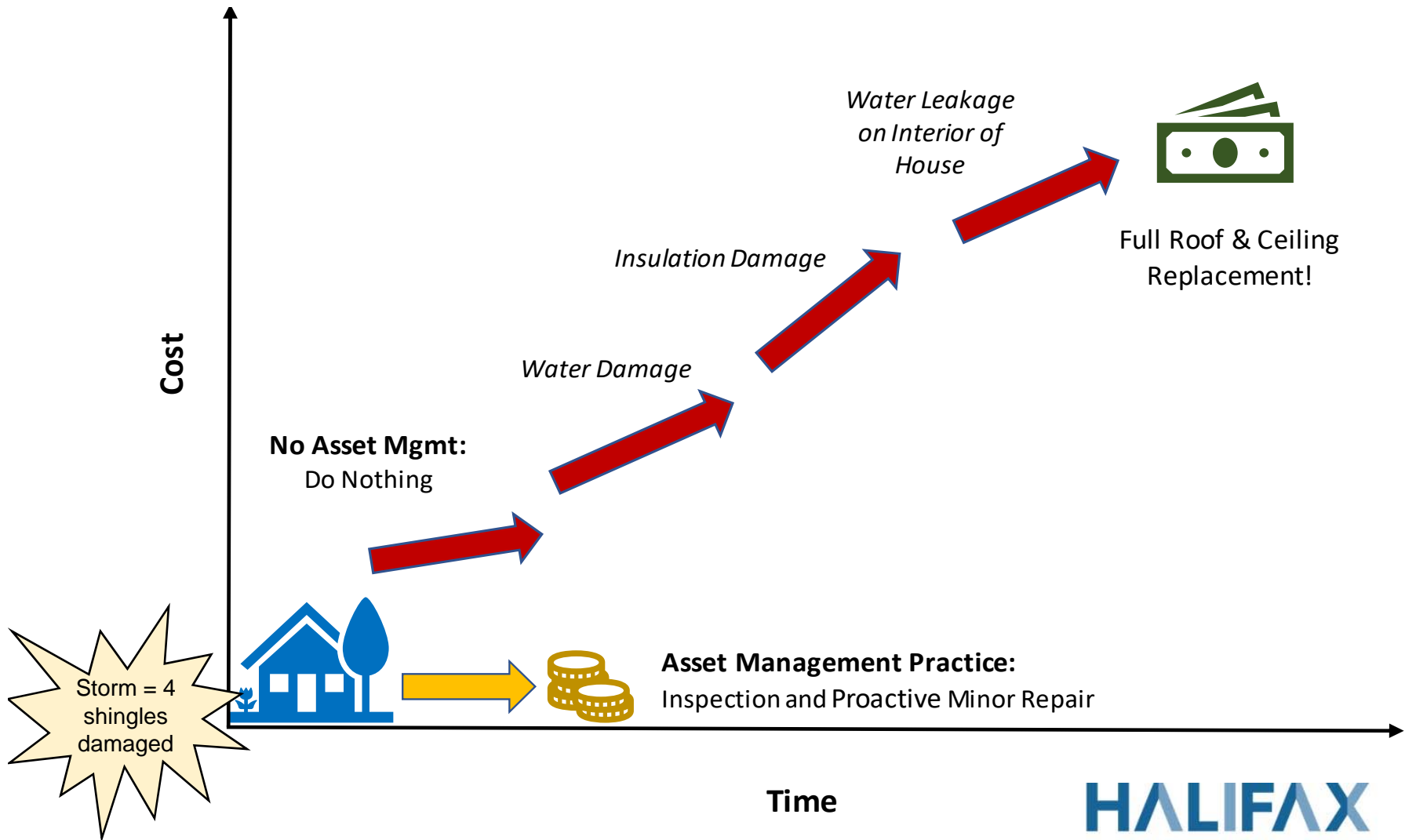
Capital planning decisions with limited resources is challenging.

An **Asset Investment Framework** can assist by:

- Aligning investment with regional planning goals & objectives
- Committing to a stable rehabilitation program for existing assets
- Guiding different decision processes depending on the new vs. old infrastructure



Asset Investment Framework



Asset Investment Framework

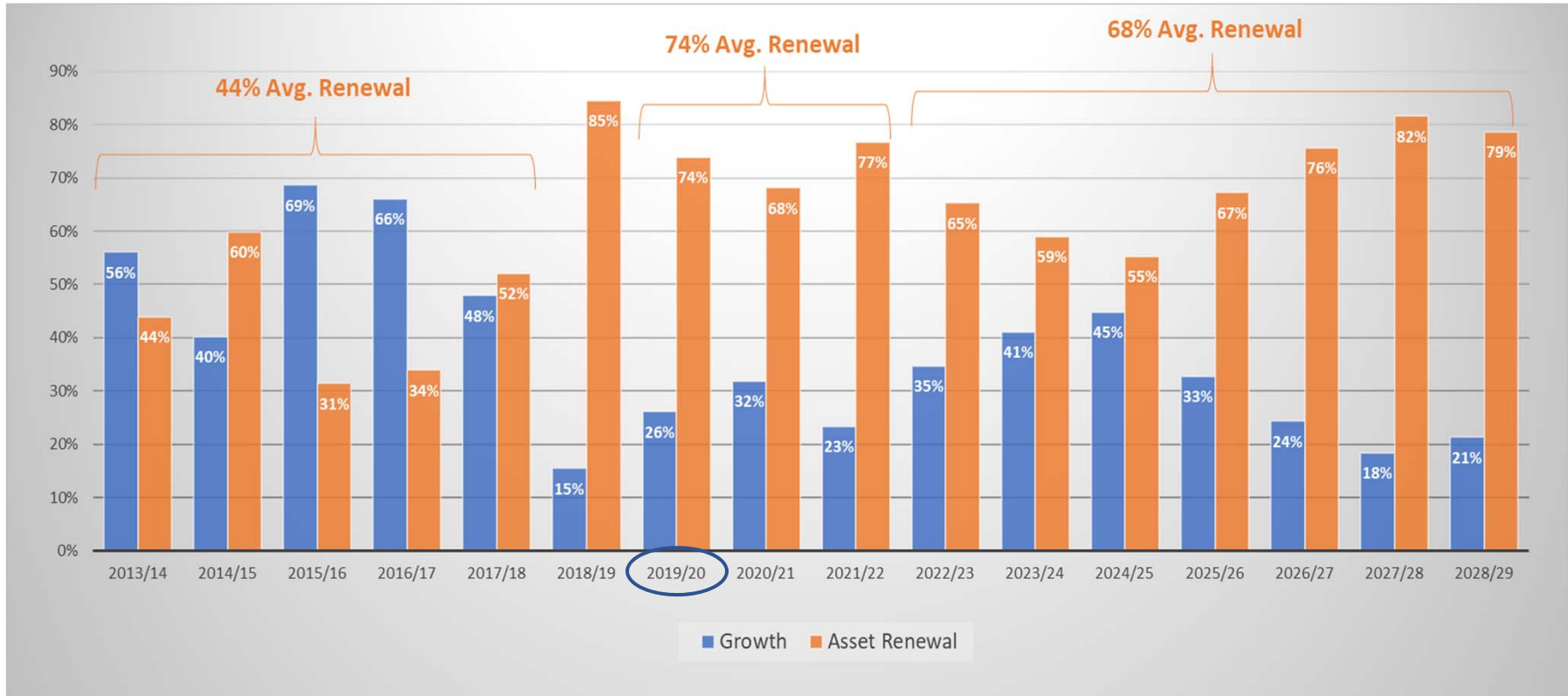
~\$3.6 Billion capital investment in current assets, plus annual operating and capital funds to manage, operate and regularly maintain that investment to enable service delivery to the community.

- 368 Buildings
- 1,721 Parks and Playgrounds
- 701 Sports Fields/Courts & Ball Fields
- 1,847 Km's of Paved Roads
- 939 Km's of Sidewalks
- 274 Km's of Trails & Multi-use Paths
- 241 Bridges (Vehicle & Pedestrian)
- 1,499 Vehicles and 6 Ferries

72% past half-life age*

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Asset Investment Framework



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Asset Investment Framework

“It is recommended that Budget Committee direct staff to prepare the

- 2020/21,
- 2021/22 and
- 2022/23

capital budgets according to a

20-30% Growth allocation and
70-80% Asset Renewal allocation

as described in this report.”

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